



# Community Investing Guide

## INSIDE:

How your banking and investing can:

- strengthen local communities
- support good green businesses
- lift families out of poverty

*and how you can get started today!*



# Green America's Community Investing Guide

*The global economic crisis has focused public scrutiny on the predatory practices, gross mismanagement, and outright greed of some of the biggest conventional banks and financial institutions. The housing crisis has clearly shown what happens when lenders treat borrowers as a means for leveraging greater corporate profits, providing deceptive and unsound terms and inappropriate products and services.*

*Add in unemployment, plus diminishing services from state and local governments caught in budget crises, and it becomes clear: **the work of community development financial institutions (CDFIs) is more important now than ever before.***

*While not a substitute for a sound governmental economic development policy, CDFIs provide all of us with a much better choice for banking and investing. They're also uniquely positioned to help communities in need, because it's been their mission for years. Even better, CDFIs on the whole are **weathering the economic crisis well.** We hope this guide helps you find CDFIs that can serve your banking and investment needs while putting your money to good use in the world.*

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Ryan Taylor for University Bank



**On the cover:** Danny Schwartzman (in stripes) started his green business, the Common Roots Café, thanks to a loan from University Bank, a community development bank in Minneapolis. His café sources locally, from this urban garden he created, as well as from other organic farmers in Minnesota and from Fair Trade suppliers around the world. His University Bank loan created 30 green jobs.



Green America's mission is to harness economic power for a just and sustainable society. We work for a world where all people have enough, where all communities are healthy and safe, and where the abundance of the Earth is preserved for all the generations to come. Our programs grow the green economy, stop corporate abuse, tackle climate change, build fair trading systems, support local communities, and help families and businesses go green. We define "green" to mean social and economic justice, community and environmental health—people and the planet.

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# Investing in Communities

A line of credit from The Cooperative Fund of New England keeps Pioneer Valley Photovoltaics in business, providing good green jobs, and installing solar throughout the community.

For 30 years, a vacant lot stood at the corner of Wood and 58<sup>th</sup> St. on the South Side of Chicago. Within three miles of this street corner, there was no place for local residents to buy a fresh tomato. To help change that, the Chicago nonprofit organization Growing Home was looking to expand its urban agriculture projects, but to complete its newest project at Wood and 58<sup>th</sup>, and remain a stable organization while expanding, Growing Home would need to take out a loan.

Across the country, in New England, a worker-owned cooperative known as Pioneer Valley Photovoltaics was confronting a cash flow problem because of the nature of their solar installation business. Most of their clients use state-sponsored solar rebates to pay for a chunk of their installation, but these rebates don't become available until

after the system has been installed and is working. The worker-owners of Pioneer Valley (also known as PV-Squared) realized they'd need a line of credit to keep them afloat between payments.

And when Danny Schwartzman graduated from college, he knew he wanted to become a green entrepreneur, giving back to his community in Minneapolis by opening a café serving local, organic, and Fair Trade food, and paying workers a living wage. But Schwartzman found that few banks were interested in financing a start-up green restaurant with a young prospective owner.

As a non-profit organization, a worker-owned business, and an individual just starting a career, Growing Home, PV-Squared, and Danny Schwartzman had something in common — each was working on a project that would benefit

a local community, and each needed an influx of capital to survive.

Fortunately, all three have something else in common. Each of them found the solution to their financial challenge through support from a community development bank, credit union, or loan fund — groups collectively known as “community development financial institutions” or “CDFIs” for short. Unlike conventional financial institutions, CDFIs include social impact as part of their mission and as a measure of their success — making the three projects described above natural fits for funding.

In the case of the urban garden project in Chicago, for example, Growing Home had already approached traditional lenders, and found that to conventional banks, the project's social benefits couldn't outweigh what they foresaw as a low return on investment. But



Brenda and Silvio Granados in the dining room of their house in the Peachtree Hills neighborhood in Charlotte, NC. Hit hard by the foreclosure crisis, Peachtree Hills is bouncing back thanks to responsible housing loans from Self-Help Credit Union.

Diane Davis

## WHAT'S THE DIFFERENCE? "COMMUNITY BANKS" AND "COMMUNITY DEVELOPMENT BANKS"

Over the past several years, more and more people have been paying attention to the egregious behavior of some of the worst corporate mega-banks. This heightened awareness has led to several campaigns to switch to smaller, less impersonal banks, such as the *Huffington Post's* great high-profile "Move Your Money" campaign. But be aware: Not every "community bank" is also a "community development bank."

A community bank can be a very good thing, lending money within your local area, or perhaps more responsive to you as a local customer than a mega-bank would be. But only community development banks pursue the mission of directing their lending to the people who have been overlooked by traditional lenders. A "community bank" might still not match your values in its lending practices.


When you bank with a community development bank, you know for sure that your support is helping to create jobs, build housing (including low-income housing), and provide services that have a positive impact on a community in need. This *Community Investing Guide* is designed to point you toward **community development banks**.

Find a community development bank or credit union by consulting the resources in this guide (p. 20), by visiting the Community Development Bankers' Association at [www.cdbanks.org](http://www.cdbanks.org), or by visiting the Federation of Community Development Credit Unions at [www.cdpu.coop](http://www.cdpu.coop).


when the group turned to the Chicago Community Loan Fund (CCLF) , this CDFI saw things differently.

Assessing the community benefits of the project, as well as the strong commitment of local community leaders who were determined to see the urban garden succeed, CCLF stepped in with some crucial financing.

The impact on the community has been impressive. More than 150 homeless and formerly incarcerated individuals have received job training from the project, a former eyesore has been transformed into a beautiful garden, and countless Chicago families have benefited from the newly available fresh, organic local produce.

Kim Pinkham, a worker-owner at PV-Squared, agrees that her business's line of credit from the community loan fund the Cooperative Fund of New England  has likewise had a wide impact, helping them convert more homes and businesses in Connecticut and Massachusetts to solar energy, and preserving good, green jobs.

"The line of credit from the Cooperative Fund helped create three jobs, and retained 12," says Pinkham. "We use the line of credit to cover payroll during installations and to make up any expenses that aren't covered by our clients' payments. It gives us breathing room we wouldn't otherwise have."

Likewise, Danny Schwartzman's financing from University Bank , a CDFI in Minneapolis, both created local jobs and brought new services to the community. At last count, Schwartzman had added 30 jobs to the local economy via his café, and furthermore supports the Minnesota economy by purchasing organic ingredients from local farmers and producers. The social benefits ripple out from there, all the way back to the Fair Trade producers at the beginning of Schwartzman's supply chain for ingredients he can't source locally.

These are just a few examples of CDFI-supported projects. CDFIs also lend to initiatives supporting local health-care; child-care; education; green buildings; and programs empowering groups like Native commu-

nities, the disabled, or victims of domestic abuse. (For more CDFI “social impact” stories, please see p. 8.)

## CDFIs AND THE HOUSING MARKET

One issue with a long history in the CDFI community is the issue of affordable housing. Many community development lenders, banks, and credit unions have cultivated an expertise in helping low-income individuals, or others underserved by conventional lenders, to become home-owners.

“Community development lenders are unique in the current banking environment,” says Deborah Momsen-Hudson, vice president of Self-Help Credit Union in Durham, North Carolina. “We are able to take the time to get to know our borrowers and do old-fashioned underwriting, not using computer models, to determine what homeowners and small business owners can afford. The relationships built during the lending process and the large amount of information we gather on the borrowers make a difference so that if a borrower does temporarily lose their job or become underemployed, we can work to modify their loan to make it truly affordable in their new situation.”

It’s that type of personal touch that differentiates CDFIs from less responsible banks and lenders. Their goals are primarily community-focused, focusing on reasonable — not excessive — rates of return. They work with their borrowers toward a common goal of stable communities of homeowners with secure loans set at terms each borrower can afford.

For example, one current project in Self-Help’s portfolio is the rescue of the Peachtree Hills neighborhood in Charlotte, North Carolina. Peachtree Hills sprang up during the housing boom in the early 2000s as a lower-middle class subdivision of modest starter homes.

Unfortunately, with the collapse of the subprime lending market, communities like Peachtree Hills — with its higher concentration of lower-income households — got hit disproportionately hard. Exploding interest rates on abusive home loans



Local residents participate in a houseraising financed by ECDI/Hope Community Credit Union in Mississippi after Hurricane Katrina. The local credit union was instrumental in helping storm victims recover from the disaster.

ECDI/Hope

and increasing job losses left many of Peachtree Hills’ families unable to hold on to their homes.

By the end of 2008, a neighborhood that was only a few years old had become a ghost town. One third of the community’s 178 homes were for sale, in foreclosure, or owned by the bank, and crime increased as the neighborhood declined.

Remaining residents who were determined not to see their community fall apart reached out to several partner organizations willing to collaborate on

And in May of 2010, Self-Help used grant funding to purchase playground equipment and worked with community volunteers to install a playground for Peachtree neighborhood children.

“It’s become just a charming little neighborhood,” says Brenda Granados, who with her husband Silvio purchased a Peachtree property through Self-Help. “It just needed some tender loving care.”

Because of their deep experience helping individuals in need on a daily basis, CDFIs find themselves uniquely positioned to step in during a crisis,

**Community development lenders get to know their borrowers. They focus on reasonable rates of return, and they work to establish loans at terms their borrowers can afford.**

saving Peachtree Hills. That’s when Self-Help Credit Union got involved.

Since 2008, Self-Help has purchased 30 of the vacant properties in Peachtree Hills and has sold 17 of them, each time working closely with borrowers to provide loan terms they can afford. For two families not yet able to purchase a Peachtree home, Self-Help has worked out leasing arrangements, with the goal of moving them toward home-ownership as their financial situations improve.

whether a global economic crisis like that which devastated Peachtree Hills, or a local crisis like Hurricanes Katrina and Rita in the Gulf Coast in 2005.

Many individuals who had never before found themselves in such a desperate financial situation were left with literally nothing after the hurricanes. More than 3,500 of them turned to the expertise of local CDFIs for assistance getting back on their feet.

“Every client who came to us received a highly individualized recovery



Talia Frenkel/American Red Cross

Odette Mednard in her store in Port-Au-Prince, Haiti. Mednard is a participant in a microloan program created by Fonkoze in conjunction with the American Red Cross that has helped many in Haiti to recover in the aftermath of the earthquake.

plan,” says Laura Howe, counseling manager for the Enterprise Corporation of the Delta, a CDFI based in Jackson, Mississippi. “We guided them through every step, from receiving grant money to selecting a contractor, to credit repair, to fraud prevention. And we celebrated with them when they finally moved back into their completed homes.”

**The economic downturn blocked access to essential lines of credit for many small businesses. CDFIs remain an important source of capital to keep vital community businesses afloat.**

## INTERNATIONAL COMMUNITY INVESTING

Of course, terrible community disasters aren’t confined to the United States, and fortunately, community development lenders aren’t either. Several lenders have years of experience working in various countries around the world, and stand ready to step in with aid, with counseling, and with loans for recovery, when disaster strikes.

This was the case in Haiti, when the devastating earthquake struck in January of 2010. The international community development lender Fonkoze has

a long history of working with low-income borrowers in Haiti — a country where 80 percent of the population falls below the poverty line. When the disaster hit, Fonkoze was already there, with existing relationships already in place to help those affected by the earthquake get back on their feet.

For example, Odette Mednard has been a client of Fonkoze since 2005,

when a Fonkoze loan helped her start her own dress-making business and open a small food shop attached to her home. Mednard’s relationship with Fonkoze has only deepened over time, as she has repaid loans and taken out others. She has also become a Fonkoze group leader, hosting regular client meetings in her home to counsel other small-business entrepreneurs on how to manage their loans.

Mednard was hit hard by the earthquake, losing most of her store’s inventory in the wreckage and sustaining significant damage to her home as well. Bolstered by \$8 million in emer-

gency funding from the American Red Cross, and already connected by their pre-existing relationship, Fonkoze was able to respond immediately to Mednard’s situation. The group distributed one-time emergency payments to about 18,000 Fonkoze clients including Mednard, and arranged for new loans to help those who lost their businesses get started all over again.

“The money from Fonkoze brought my family hope,” Mednard told the American Red Cross. “My husband has been unable to work for the past six months. I’m supporting my family now.”

International CDFIs aren’t only of benefit in a crisis. They have a strong anti-poverty mission in developing countries at all times. Often known as “micro-lenders,” these groups empower aspiring entrepreneurs like Mednard to provide the services needed by their communities.

As implied by the term “micro-lender,” the sums lent out to business owners are often very small by US standards, but they make all the difference for someone in Haiti, or Nicaragua, or Bangladesh.

The model was the brainchild of economist Muhammad Yunus, who won the Nobel Peace Prize in 2006 for his anti-poverty work. It was in the 1970s that Yunus realized that for someone earning only pennies a day, a small loan of as little as two dollars could change their life.

Conventional banks balked, however, at his idea that those living under the poverty line, with no access to collateral, could still be considered credit-worthy. So in 1983, Yunus founded his own bank (the Grameen Bank) to further his mission of extending credit to those not reached by conventional lenders.

Not only has Grameen Bank stood as a huge success on its own, but also for nearly thirty years it has inspired consecutive generations of micro-lenders to take Yunus’s idea and extend it from his native Bangladesh into countries all around the world.

What’s more, Yunus was right. Grameen Bank and other micro-lenders have found that on average their

clients from below the poverty line pay back their loans at a rate of about 97 percent, better than the rates recorded by many conventional banks. Access to collateral, it turns out, is not a prerequisite for credit-worthiness.

### NOW MORE THAN EVER...

Like Grameen, US-based CDFIs see similar (or better) returns on their loans to low-income individuals, and unfortunately, in the US, the need for CDFIs has never been greater. A June 2010 study by the Center on Budget and Policy Priorities confirms a disheartening truth about income inequality in this country: the gap between the richest and the poorest is widening.

Between 1979 and 2007, the report found, the income gap separating the richest one percent of Americans from the poorest 20 percent more than tripled. And those at the top saw their incomes rise an astonishing 281 percent over this period, even adjusting for inflation.

The global economic downturn that began in 2008 briefly slowed the widening gap, but in its aftermath, the study finds, it is the rich who are recovering first and fastest. CDFIs, however, have been there to help those with less access to wealth find the investment capital they need to get ahead.

“While the downturn led to many financial institutions pulling back on their lending, CDFIs have actually increased their lending and investments in underserved communities,” says Todd Larsen, Green America’s Corporate Responsibility Director. “For many small businesses that have lost access to essential lines of credit from conventional sources, CDFIs remain an important source of capital to keep vital community businesses afloat.”

That’s just part of why now is an excellent time to support CDFIs with your banking and investing dollars. Unlike the conventional banks that lent out billions in unsound and predatory subprime mortgages that their borrowers couldn’t repay, CDFIs didn’t engage in the reckless financial games that brought about the crisis. What’s more, CDFIs are an active part of the solution for those hardest hit by the downturn. “If all lenders took the approach of community development

lenders, our economy wouldn’t be in the shape it’s in today,” says Larsen.

Directing more of your banking and investing toward CDFIs, you can help keep them strong, and help a proven system support communities in need.

“While not a replacement for government action to address the needs of struggling communities, community investing plays a crucial role in grassroots economic development,” says Fran Teplitz, Green America’s Social Investing Director. “People who place their accounts and investments in CDFIs are taking a step that has enormous positive repercussions, strengthening communities in their own backyard, across the US, and around the world.”

## BREAK UP WITH YOUR MEGA-BANK! JOIN GREEN AMERICA’S CAMPAIGN

Green America’s “Break-Up With Your Bank” campaign is inspiring people across the country to leave their mega-banks. You too can say good-bye to grossly over-compensated CEOs, abusive or deceptive lending and marketing practices, and the use of your dollars to support projects like sweatshop factories and fossil-fuel development. You won’t be alone in telling your mega-bank that you can have the same services (or better!) with a community development bank or credit union while ensuring that your deposits will support projects that improve people’s lives. Here’s what others are saying:

*When I closed my account, I was asked to state a reason. I said “philosophical differences” and the teller replied with a slight smile: “That’s not one of the choices I have to choose from.” I walked down the street to my local credit union and felt a new freedom.*

—Jim G., Bainbridge Island, WA

*Over the past year, I have moved my accounts from Bank of America to One PacificCoast Bank and a local credit union. I am now in the process of phasing out my Bank of America credit card, and have begun using the Green America credit card instead. It feels really good to have made these changes!*

—Lynette B., Fresno, CA

*Thanks for the nudge, Green America. I’ve been meaning to do this for years. I think it’s the bonuses the banks gave themselves after the bailouts that finally pushed me over the edge. There’s just so much they do that I can’t support, and now I don’t have to. I switched to a community bank that has a commitment to green values.*

—Valerie K., Minneapolis, MN

For the story of how one Green American broke up with not just one but two mega-banks and found a community development bank she could trust, see p. 15. And if you choose to “break up with your bank” after reading this Guide, we’d love to hear your story. Let us know at [breakup@greenamerica.org](mailto:breakup@greenamerica.org).

# INVESTING FOR GOOD

SUCCESS STORIES SHOW THE POWER OF COMMUNITY INVESTING

You can find community investment opportunities that help you put your money to work for positive change in every issue area covered by Green America. The stories below represent just a small sampling of the ways your banking and investing dollars can create great green jobs, build affordable housing, install green energy systems, support the Fair Trade marketplace, and much more.

## Creating Good Jobs and Improving Local Food Security



The Reinvestment Fund

Working together with partners in the Fresh Food Financing Initiative (FFFI), community lender The Reinvestment Fund has saved jobs, improved supermarket energy efficiency, and brought fresh, nutritious food to underserved communities.

When the Fresh Grocer opened in North Philadelphia's Progress Plaza on December 10, 2009, its grand opening marked a new era of access to fresh and healthy food in a previously underserved area of the City of Brotherly Love.

Built in 1968 by civil rights leader Rev. Leon Sullivan, Progress Plaza stands as the nation's oldest African-American owned and operated shopping center — but it had seen its last supermarket tenant move out nearly a decade ago. Since the late 1990s, Progress Plaza's owners had struggled to find a supermarket operator prepared to open a grocery store in the urban environment of North Philadelphia.

That's where the Philadelphia-based community development loan fund The

Reinvestment Fund (TRF) comes in. Since 2004, TRF has participated in a public-private partnership called the Fresh Food Financing Initiative (FFFI). Working together with The Food Trust (an organization devoted to providing nutritious food to underserved communities) and the Greater Philadelphia Urban Affairs Coalition (which works to create jobs for minority workers), TRF provides financing for supermarkets that plan to operate in underserved communities across the state.

With the opening of the Fresh Grocer, the FFFI celebrated the creation of nearly 300 jobs for North Philadelphia, plus more than 45,000 square feet of new fresh-food retail space in an area that had previously had none. What's more, the supermar-

ket was able to incorporate numerous green features for its new space, including an energy-efficient refrigeration system that reduces energy use up to 40 percent over conventional systems.

The project caught the attention of none other than First Lady Michelle Obama who traveled to Philadelphia to tour the store in connection with her initiative to combat childhood obesity.

"For ten years in this community, there were kids who couldn't get the nutritious food that they needed during some of the most formative years of their lives," said Mrs. Obama, during her February 2010 visit. "Today, just a few months after it opened, the Fresh Grocer is doing a thriving business. It's a beautiful store, attracting folks from neighboring communities and providing jobs for folks in the area."

The Fresh Grocer's success is just one of the most recent of TRF's many successes with the FFFI partnership. Since 2004, TRF has provided more than \$85 million in grant and loan financing to supermarkets and grocery stores designed to bring greater access to nutritious food at affordable prices to underserved areas — bringing more than 5,000 jobs to Pennsylvania communities.

For example, in 2008, FFFI helped a family-owned and -operated supermarket chain expand in rural central and northeastern Pennsylvania, providing employment for nearly 1,000 people, and updating the stores with energy-efficient equipment. That same year, FFFI provided funds to support the expansion of Weaver's Way, one of the oldest continuously operated food co-ops in Philadelphia. And in 2009, FFFI provided financing for Right by Nature, a full-service natural foods store in Pittsburgh that specializes in fresh and affordable organic produce, and maintains a commitment to purchasing produce directly from organic farmers in its "Field to Store" program.



“We’re very proud of our Pennsylvania food-security program, and it’s just the beginning,” says Patricia Smith, director of special initiatives for The Reinvestment Fund. “We’re managing a program built on this model in New Jersey, and we’re a consultant on similar programs in New York. It’s our hope that we can expand this to other states as well, and that we can be a guide for community development loan funds that want to take up the issue of food security in other geographic regions around the country. These loans are a powerful tool for helping communities take control of their health, build more liveable neighborhoods, and keep good local jobs close to home.”

## Providing Access to Affordable Housing

In the fall of 2008, when the father of her children was incarcerated, Leanne Nunley of Wytheville, Virginia found herself in a bad situation. As a single mother and now the sole bread-winner, Nunley worked hard to make ends meet, but she and her children couldn’t find permanent housing. They bounced from one temporary living situation to another.

Nunley believed this wasn’t a suitable life for her children, Ariana, Alijah, and Acelon (then 3, 4, and 6), so she was determined to establish a stable household for her family. She approached a local nonprofit organization called HOPE (Helping Overcome Poverty’s Existence) to see if she could find a program that would help her pay her rent. The counselors at HOPE gave her a shock. They looked at her bills and told her they thought she could buy a house for the same or even less money than she had been paying on rent.

“I didn’t think it was possible,” says Nunley, who first had to work with HOPE on improving her credit. “My credit took the longest time to get cleaned up — about a year — because I had to pay a little here and a little there, and then had to wait for my taxes to come in and pay the rest of it off.”

But HOPE continued working with Leanne as she made progress toward greater financial security. Financed by the Kentucky-based Federation of Ap-



Leanne Nunley and her children found access to affordable housing through the Federation of Appalachian Housing Enterprises, supported by investments in the Calvert Foundation’s Community Investment Notes.

Richard Lord for the Calvert Foundation

palachian Housing Enterprises (FAHE), HOPE is one of many of FAHE’s housing partners who work together to make affordable housing available to low-income residents throughout central Appalachia. When Nunley had her financial house in order, HOPE then connected her with FAHE for the loan that would make home-ownership — and stability — a reality for her family.


With the FAHE loan, Nunley was able to buy a home built by HOPE in the new Deerfield subdivision in Wytheville. Designed following a Low-Impact Development model, the Deerfield neighborhood is unique for an affordable housing development. Developments built on this model use soil- and plant-based filtration techniques to remove pollutants and protect the community’s ground-water. FAHE partners also pursue energy-efficient housing developments, to help minimize future energy bills for their lower-income borrowers.

In addition, Nunley receives regular tips and resources from HOPE, such as home-maintenance tips for protecting her investment, and financial tips on how to balance a household budget and stay on top of mortgage payments to avoid foreclosure. The personal, high-touch methods employed by community development lenders have been key in keeping individuals like Nunley and organizations like FAHE steady

during turbulent economic times.

For example, FAHE president and CEO Jim King reports that while Wall Street and conventional lenders went into financial meltdown triggered by high foreclosures on their irresponsible mortgage lending, FAHE’s foreclosure rate for 2009 held steady at a low one percent.

“This is a great program,” says Nunley. “I know that the economic times are tough right now and that a lot of organizations are losing their funding, but this program really helps people. I would have never been able to get a loan with that low of an interest rate and afford a house of my own [without FAHE].”

FAHE is just one of many housing-focused partners who provide loans to individuals like Nunley with funding generated by the Calvert Foundation’s  Community Investment Notes. Individuals can invest in a Community Investment Note through Calvert Foundation, which then lends to several community development institutions, like FAHE, all at once. As the loans are repaid, the capital is lent out again, multiplying the social impact of your investment.

“We make it possible for everyday people to place investment dollars where they’re needed most — creating jobs and homes for families in low-income communities,” says Lisa Hall, Calvert Foundation’s President and CEO. “While we have been bringing this type of investment opportunity to Green America’s *Community Investing Guide*

investors for more than 15 years now, this is particularly relevant now, as the economic downturn has taken its toll on so many people.”

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## Helping Local Businesses Go Solar

Dr. David Shuman, veterinarian and pet-care specialist, has always had a commitment to green principles at his Santa Cruz, California animal hospital.

Inside his facility, all light fixtures and screw-in lightbulbs are fluorescent, the toilets are low-flow (with flow restrictors on sinks and showerheads), and his staff maintains a commitment to recycling and minimizing waste. Visitors to the animal hospital's blog can find access to such green resources as biodegrad-

able bags for pet waste and eco-friendly methods for getting rid of fleas.

However, there was one green step for his business that always seemed cost-prohibitive and out of reach: going solar at work.

That was before Dr. Shuman discovered his local community credit union's solar-power loan program. The Santa Cruz Community Credit Union (SCCCU) offers 100-percent financing for the installation of solar energy for commercial property over a term of 15 years. When Dr. Shuman balanced the financing terms offered by SCCCUC against the energy savings on his electricity bill that the solar panels would bring, taking out a loan with SCCCUC just made good business sense.

“My hospital's electric bills have dropped from about \$440 a month to about \$65 a month,” says Dr. Shuman. “It can only be a guess because prices

change, but using today's electricity rates, it will take about twelve years or so for the savings to pay for the panels themselves, and to close out the loan.”

Meanwhile, the city of Santa Cruz can breathe easier with one more business choosing cleaner, greener power, over dirty fossil fuels. What's more, the SCCCUC loan helped direct more business to local solar installation company Independent Energy Systems, supporting good, local, green jobs.

“Joel Kaufman and his team at Independent solar were A+ to work with,” says Dr. Shuman. “My customers have noticed the installation, of course, and I was very surprised at how many clients have said something. I've even had pedestrians walking by the hospital stop in to ask about them. I actively refer anyone interested to Independent Energy.”

In addition to the solar power loans, SCCCUC also offers energy-efficiency loans, up to \$10,000 for business to purchase energy-efficient appliances and lighting, window replacements, water-saving or low-flow sprinkler systems, and drought-resistant or ecological landscaping, or for waste-reduction, recycling, and composting.

It's all a part of SCCCUC's commitment to “develop new loan products that promote energy efficiency and a clean environment for our members and our community,” says Frank Nuciforo, director of lending for SCCCUC. In 2010, the credit union loaned more than \$200,000 to local residents and businesses for going solar, for investing in energy efficiency, or for electric or hybrid cars.

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## Bringing Fair Trade to a War-Torn Country


Destabilized by a decade-long civil war in which tens of thousands were killed, and more than a third of the population was displaced, the West African nation of Sierra Leone is a country in need of new hope and new opportunity.

In February of 2010, a group of farmers based in Kenema, the third-largest city in Sierra Leone, celebrated the beginning of a new partnership that will help raise the standard of living for



Joop Rubens

Funding from the solar loan program of his local community credit union helped Dr. David Shuman install solar panels on his animal hospital.

hundreds of that country's cocoa producers. That's when the first shipment of Fair Trade Certified™ cocoa from the Sierra Leone cooperative Kpeya Agricultural Enterprise (KAE), was purchased by Divine Chocolate , for inclusion in its chocolate bars and other Fair Trade chocolate products.

First founded in 1996, during the civil war, the KAE cooperative has grown to more than 1200 members. The new partnership with Divine Chocolate (co-owned by the Kuapa Kokoo cooperative in nearby Ghana) represents KAE's first entrance into the global Fair Trade marketplace, and marks a new era of regional cooperation, with exchange visits between Kuapa Kokoo and KAE used to share expertise on things like tips for running the cooperative and for raising the quality of the cocoa.

If Kuapa Kokoo's experience is any guide, then KAE can expect big things from the new partnership. The Fair Trade system provides farmers with a fair price for their products, offering a social premium over conventional market prices. Kuapa Kokoo's work within the Fair Trade system has resulted in numerous community development projects, including new schools, water wells, bridges, and a community-based credit union available to cooperative members for new entrepreneurial projects, such as small-scale manufacturing efforts (soaps or batiks, for example), or for the diversification of crops.

On the larger financial scale, none of this would have been possible without up-front investments from a community development financial institution with a commitment to the Fair Trade system.

An initial investment from international lending pioneer Oikocredit  helped Divine Chocolate launch its successful entry into the US market in 2006, and continuing investments from Oikocredit have enabled the company's current successes — including the expansion to welcome cocoa from the sister cooperative in Sierra Leone.

“As Divine grows, as a result of investments like those from Oikocredit, it allows us to work with more farmers, work with more Fair Trade commodities, and extend the benefits of Fair Trade,” Divine CEO Erin Gorman told Green America. “Being part of a Fair Trade organization has also meant that the farmers get

to be community investors themselves. Members of Kuapa Kokoo have access to the community credit union, which they're very proud of, because a problem for many small-scale farmers is that they have no access to credit.”

Gorman explains that small-scale borrowing in West Africa can have a disproportionately positive effect on local communities, telling the story of one Kuapa Kokoo farmer who was able to set up a side business for his wife and sister-in-law with a loan of only \$75. Investors in Oikocredit can know that their dollars are being directed into such a system, improving the lives of farmers at the beginning of the supply-chain, while making high-quality Fair Trade chocolate more available in the United States.

“Divine's mission has always been to improve the livelihoods of West African farmers,” says Gorman. “With this cocoa from Sierra Leone, we are extending our reach beyond Ghana and increasing our impact. Our partners at Oikocredit are doing more than just investing; they're helping grow the market for the farmers and helping build a better way of life.” 

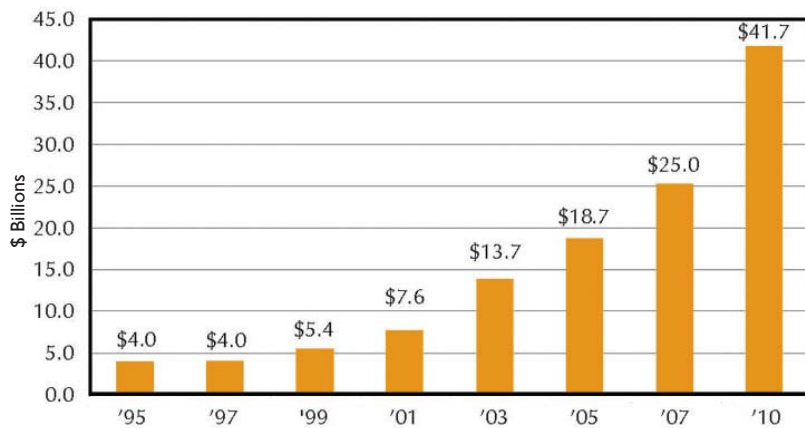
## SIGN UP FOR GREEN AMERICA'S E-NEWSLETTER

Get more community-investing success stories delivered to your inbox — along with “Break Up With Your Bank” updates, and actions, news, and resources from across the green economy. Sign up at: [greenamerica.org/signup](http://greenamerica.org/signup).



Members of the Kuapa Kokoo cooperative opening cocoa pods in Ghana. Lending from international community investment pioneer Oikocredit has helped cooperatives in Ghana and Sierra Leone get access to the Fair Trade market.

Divine Chocolate



Community investing has grown significantly over the last 15 years. As of 2010, CDFIs held assets of \$41.7 billion, more than ten times their holdings in 1995. The rapid growth seen starting in 2007 has been attributed in part to consumer dissatisfaction with conventional banks as the US recession unfolded.\*

## FAQs: What You Need to Know

Below, we answer some commonly asked questions about community investing. We hope you will feel inspired to:

1. **Break up** with your mega-bank and choose a CDFI for your day-to-day banking,
2. **Shift** at least one percent of your saving and investment dollars into vehicles that build a green future,
3. **Share** this information with others. (Order or download copies of this guide at [www.greenamerica.org/go/CI](http://www.greenamerica.org/go/CI).)

### Q. What are “CDFIs” and what is community investing?

**A.** Community development financial institutions (or CDFIs), are banks, credit unions, and other financial-services organizations, such as community development loan funds, that measure their returns both in terms of financial profitability and social impact. They operate with the express goal of creating resources and opportunities for groups, businesses, and individuals who are underserved by traditional financial institutions.

When you choose to place your banking or investment dollars with CDFIs to

help further these goals, you are participating in community investing.

Community investors help finance projects that lift communities economically. In rural and urban areas (and internationally), community investors provide capital that supports job creation, financial services to low-income individuals, start-up funds for small businesses, loans for affordable housing, and more.

In other words, community investing helps you to maximize the social change created by your banking and investment dollars. (For stories of how community investing makes a difference, see pp. 8 – 11.)

### Q. How safe are community investments?

**A.** All personal holdings in banks and credit unions (including community investment banks and credit unions) are insured up to \$250,000 per financial institution by the federal government. You don’t have to worry about losing any money up to that cap. Shifting your checking or savings accounts to a community development bank or credit union should be a largely seamless shift that can make a real difference in how you use your money to support your social and environmental goals. (See our profile of one Green American who “broke up with her bank” on p. 15.)

Community development loan funds — like conventional loan funds — are not insured by the FDIC. Still, of the 508 community development financial institutions surveyed through the CDFI Data Project through 2007 (the latest date for which data is available), none have reported that they have ever lost any investor principal.

### Q. How have community investing banks fared during the global economic crisis?

**A.** The recession has certainly taken its toll on all sectors of the economy, but in the banking world, those most harmed by the housing collapse were those involved in predatory, abusive, and profiteering lending practices — sourcing toxic assets like sub-prime loans, for example. These practices, which caused so much turmoil for the economy, sit squarely at odds with the standard operating practice of community development banks and credit unions.

According to the FDIC, in 2009 a total of 140 US banks failed, up from 28 in 2008, and the highest overall total since 1992. Of these, the National Community Investment Fund (NCIF) reports that only one was a community development bank. Exact numbers for 2010 were not available at the time of this guide’s publication, though

\*Chart created by the Social Investment Forum Foundation for the 2010 Report on Socially Responsible Investing Trends in the United States, using data from the Aspen Institute, Calvert Foundation, CDFI Data Project, CDVCA, National Community Investment Fund, National Federation of Community Development Credit Unions, and Opportunity Finance Network.

published estimates from the FDIC and NCIF indicate a year similar to 2009.

Meanwhile, the National Federation of Community Development Credit Unions reports that deposits in its sector have actually outpaced the growth of conventional credit unions during the recession. Its 2009 financial trends report found that community development credit unions (CDCUs) experienced significant increases in membership, deposits, and size of their loan portfolios in 2009.

What's more, the American Recovery and Reinvestment Act of February 2009 appropriated an extra \$100 million to CDFIs certified as such by the government, enhancing their lending capacities.

In testimony before the House Financial Services Committee, CDFI Fund director Donna Gambrell said, "The new economic environment has offered very real opportunities for CDFIs to expand their impact in the communities they serve. ... We are uniquely positioned to serve low-income and economically distressed communities."

And in a July 2010 article comparing CDFI performance with conventional banks' performance during the recession, analyst Bob Adkins of Community Bank Ventures showed that while CDFIs' return on assets (ROA) have lagged behind their conventional counterparts, they also continued strong growth throughout 2008, while the rest of the economy contracted. Explains Adkins: "There has been a pent-up need for products and services offered by CDFI banks in the communities they serve, as many of these communities have been underserved by traditional banks."

(For more on the economic crisis and CDFIs, see [www.greenamerica.org/go/economiccrisis](http://www.greenamerica.org/go/economiccrisis).)

### **Q. Besides banking, what other community investing options are available?**

**A.** Lots! Community development loan funds provide financing for cooperatives, green businesses, nonprofit organizations, and economic development projects. Microenterprise loan funds provide small loans to entrepreneurs in the US and overseas. Community development

## Charitable Giving

### **When you make a \$20 donation:**

You give \$20...

... and \$20 goes to help people and communities.

vs.

## Community Investing

### **When you invest \$1,000 in a community investment at 3%:**

Your interest earnings may be reduced by \$20, compared to a higher-performing investment...

...and the entire \$1,000 goes to work helping people help themselves.

venture capital funds provide loans to businesses creating jobs for low-income communities, and some socially responsible mutual funds devote up to ten percent of their assets to community investing. You can even find credit cards through community development banks. See our in-depth list of investment vehicles on p. 14. Remember that it's only accounts at community development banks and credit unions that are federally insured up to \$250,000. Loan funds, venture capital funds, and other vehicles are not insured, so the risk is higher. As with all investment options, you or your financial adviser should investigate them thoroughly to ensure they meet your social and financial goals.

### **Q. Do I need large sums of money to invest in communities?**

**A.** You do not need large sums of money to invest in communities. Many options have low or no minimum amounts.

### **Q. What impact will community investing have on my investment returns?**

**A.** If you choose to shift your checking or savings account to a CDFI, or dump your mega-bank credit card in favor of a CDFI-sponsored credit card, you should find that interest rates and other terms will be comparable to those at traditional banks and credit unions.

With community development loan funds and microenterprise funds, the return on investment will usually run be-

tween zero and four percent. In a roaring market, your returns might be more modest than other investment vehicles. In a faltering market, when many stocks begin paying negative returns, returns on community investments may turn out comparatively better.

Either way, the social returns are greater with community investments, and no matter what type of market we're in, experts agree that investors should diversify their portfolios to minimize risk. Community investing can be a healthy part of a diversified portfolio.

### **Q. Why not just give the money to charity?**

**A.** Take a look at the chart above. As you can see, a potential \$20 reduction in the return on an investment vastly exceeds the social-change capabilities of a \$20 gift to charity.

What's more, community investing can be much more empowering for low-income individuals looking to use their own skills and talents to lift themselves economically. Your money's power to change a community ripples out from the initial borrower who then embarks on a venture that will provide education, jobs, clean energy, child care, or any number of other critical business and infrastructure needs for their local community.

Continue to be generous in giving to charity, and then also consider breaking up with your mega-bank, and moving at least one percent of your portfolio into community investing. 🌱

# A Primer on Community Investment Vehicles

What's available, how to get involved, expected returns, and potential risks



Kat Hand (with daughter Michelle and granddaughter Kloe Mae) brought stability to her extended family when she was able to purchase a home in Portland, OR via a program funded in part by the CDFI One PacificCoast Bank (formerly ShoreBank Pacific). ROSE CDC

Unless you keep all of your money in cash in a shoebox, or under your mattress, or in a buried sack in the backyard, your dollars are constantly having an effect on the world — one way or another.

When you spend your money, you're often choosing businesses to support because of the effects you know your choices have immediately, in the real world. You know the difference between buying organic and local vegetables vs. conventional and packaged snack food, or between electricity from a wind farm vs. electricity from a coal plant.

Deciding where and how to save or invest your money presents you with the same sort of choice, because where you choose to place your money affects how your money will be used.

When you put your money in the bank, it doesn't just sit there. It's like in the movie "It's a Wonderful Life," when the Jimmy Stewart character, George Bailey, reminds the townspeople that their money isn't physically sitting in the bank.

"Your money's not here," George tells them. "It's in the Kennedy house, and the MacLaren house, and a hundred others. You all put your savings in here and then we make loans to people to buy homes and cars and other things."

Alas, when you save or invest in conventional banking products in the 21st century, the bank isn't likely to be able to talk to you face-to-face, George-Bailey-style, and explain exactly what you're helping other people to buy or build, by giving access to your money. Do you wonder what it might be like if you could get a straight answer to that sort of question?

"Your money's not here," the bank might say, "It's financing an oil-and-gas exploration project in the Gulf of Mexico, and helping a mega-corporation expand into new sweatshop factories in Southeast Asia. It's in the CEO bonus, and the CFO bonus, and a hundred others."

But nobody asked you if this is the effect you want your money to have on the world. What can you do, instead?

You can be much more confident about how your money is put to use when you save or invest in community development financial institutions (CDFIs). CDFIs operate with an investment mission that aims to help build and develop local communities in a way that's more likely to be consistent with your values (see examples of CDFI successes on page 8).

Whether you need a bank for depositing your paycheck week-to-week, or an investment opportunity for a larger sum, or anything in between, there's a CDFI option for you. Below, we walk you through the available vehicles, and beginning on page 20, we have a list of resources to help you find options that are right for you.

## CHECKING ACCOUNTS, SAVINGS ACCOUNTS, AND CREDIT CARDS

Community development banks and credit unions operate on the theory that ownership allows people to take responsibility for improving their economic situation, and that the end result is good for individuals and communities alike.

These banks and credit unions intentionally support projects that build healthy communities, oftentimes channeling funds to those without ready access to more conventional forms of credit. They help low- and moderate-income people buy homes, start small businesses, continue their education, or create much needed community services like child care.

When you open a checking or savings account with one of these banks or credit unions, you know that your money is helping to support an institution that is working hard for social change. Your accounts are federally insured up to \$250,000, and many banks and credit unions also offer online banking, so even if there isn't one near you, you can still use your everyday banking to create healthy communities.

What's more, you can find most any other conventional banking product



## How Darilyn Kotzenberg Broke Up With Her Bank

*“I just wanted a bank that isn’t mean.”*

It’s been almost five years since Green America member Darilyn Kotzenberg’s big break-up, and she’s never looked back. Asked if there have been any negatives or draw-backs to packing up and moving on, she answers simply: “Nope.” She’s happy with her new relationship, and the truth is, at the point of the break-up, she was completely fed up.

The year was 2006 and Kotzenberg was sincerely disappointed with Citibank, as she’d been in the past with other “mega-banks,” like when she’d switched to Citi from Wells Fargo a few years before. Facing irreconcilable differences over everything from big-picture philosophy to just common courtesy, Kotzenberg found the only solution was to part ways, so she canceled her Citibank checking and savings accounts.

“Plain and simple it was the lack of respect,” she says about the motivation for the break-up. “They really only care about people who have large sums of money in their accounts ... The tiny print in the contracts, the charges if you’re overdrawn; it’s unbelievable. They’ll let you take money out if you don’t have it, and then hit you with the monstrous fees. That kind of stuff. I just wanted a bank that isn’t mean. I wanted to be treated fairly.”

So, Kotzenberg went looking for a smaller bank — a local community bank that would match her values better. When she found San Francisco’s New Resource Bank<sup>™</sup>, she says she not only found a bank that matches her green values, but a bank that treats her with respect.

“I think I pushed 0-0-0-0-0 right in the woman’s ear the first time I called the bank, because I automatically assumed I was in a phone maze,” says Kotzenberg. “They actually answer their phone! They remember me, they e-mail me, and they help me.”

Even still, Kotzenberg says the friendly, personal service was actually her secondary reason for making the switch. The first reason was because New Resource Bank pursues green projects in its lending, something Kotzenberg wanted to support, as a next step in the overall journey of greening her own life.

As the creative director of her own graphic design studio, Kotzenberg produces graphic design projects for organic-food and green-building companies. At home, she says she’s slowly turning her space into a “green Mecca,” currently working on installing a greenhouse that will use worm composting and aquaponics to help her grow her own food. This latest green step builds upon

other recent green steps she’s taken: to stop purchasing items packaged in plastic (“It’s led to more cooking, which is fun”), and to take all trips shorter than 40 miles by bicycle or on foot.

So, if Kotzenberg can go the extra mile to be green at home, she wants a bank that won’t take her green-earned dollars and use them to finance projects she can’t countenance. By contrast, New Resource Bank lends only to businesses committed to sustainability, and offers loans dedicated to solar and energy-efficiency projects. What’s more, New Resource carbon-offsets all employee commuting and travel; recycles, reuses, or composts about 95 percent of its waste; and the offices are LEED Gold-certified.

Finally, Kotzenberg points out that while she no longer lives in the Bay Area, New Resource Bank’s hometown, she still finds banking with them to be convenient and easy, via online banking, direct deposits, mailing checks to the bank, and communicating via e-mail. So, even if you don’t live in an area with a community banking option just around the corner, you can still “break up” with a mega-bank that’s all wrong for you, and find a community bank that matches your values. 🌱



New Resource Bank’s financing gave Jason Tanko, owner of Tanko Streetlighting Services, the capital he needed to start his business providing energy-efficient lighting retrofits to cities around the country.

New Resource Bank

Florida Community Loan Fund



Chicago Community Loan Fund



Vermont Community Loan Fund



— such as CDs, money market accounts, and more — at a community development bank or credit union, and their products pay a competitive rate of return. Some even offer credit cards, so you can cut up those mega-bank credit cards in your wallet, and start letting your credit purchases go to work for healthy communities.

**Who can get involved?:** Anyone! If you have a checking or savings account already, you can shift to a community development bank or credit union for those services. If there’s not a brick-and-mortar bank or credit union in your area, you can look at that as a positive. It means you can shop among those that offer online banking to see which one impresses you the most with its local successes and community-building accomplishments.

## COMMUNITY DEVELOPMENT LOAN FUNDS

Community development loan funds (CDLFs) provide low-cost financing to individuals, cooperatives, and nonprofit organizations in developing urban and rural areas in the US and around the world.

Choosing to invest money in a CDLF means you might be helping a local developer build affordable housing or helping a first-time entrepreneur start a Fair Trade business. You might be helping finance a community garden, or a green roof, or a wind farm, or a supermarket in an underserved area. In short, CDLFs lend to many various types of endeavors, and all of them use investor capital to create critical infrastructure and services in communities that need them most.

A subset of community development loan funds exclusively support the development of small-scale, local businesses in the developing world, often owned and run by women or low-income individuals who have been underserved by conventional financial institutions. In countries



where self-employed individuals can make up as much as half the labor force, these microenterprise lenders can help small businesses thrive, which builds strong local economies. For a low-income entrepreneur in the developing world, a loan of as little as \$25 can make the difference in whether a business survives.

Whether domestic or international, under the CDLF system, lenders and borrowers know each other. The lenders are familiar with the community endeavors they're funding, and the borrowers have an ongoing relationship with their lender, sometimes including training and technical assistance along with the loan, if applicable. These are basic principles for CDLFs that help to keep them strong. Along with the reasonable and realistic (rather than speculative) rates of return on CDLF investments, CDLF principles have helped the loan funds weather the most recent economic storms.

**Who can get involved?:** Individuals of all income levels can invest in community development loan funds. Ask for a prospectus or information packet before you invest in a given CDLF to check whether you meet their requirements and to ensure that the fund meets with your social and financial goals.

**How much money must I invest?:** Most CDLFs have minimum investment amounts, generally \$1,000 or more, although some international microloans may require a significantly smaller investment, as little as \$25 or so. Note that the success of microcredit in the community development world has led some conventional banks to move into this arena. However, their interest rates can be exploitative, contrary to the spirit of true community development lending. Stick to the lenders in the resources section of this guide, or be sure to examine the terms closely on any vehicle you might choose.

**What kind of returns can I expect?:** CDLF investments are most appropriate for money you can afford to have tied up for at least one to three years. Interest rates are generally market or below-market, falling between zero and four percent, depending on the

investment's size and term. In some cases, investors can choose between different rates, knowing that accepting a lower one allows their investments to do the most good.

Investors generally receive interest payments quarterly or annually, depending on the specifics of the loan fund. At the end of your investment period, the CDLF will repay your principal. You'll also have the option of renewing (also sometimes referred to as "recycling") your loan or donating it to the CDLF. If you choose to donate any portion of your investment back to the CDFI (either your principal or your interest), that donation may be tax-deductible.

**What are the risks?:** CDLFs are not insured, so your risk of losing your

*continued on p.18*

**Photos, facing page, top to bottom:**

- Funding from the Florida Community Loan Fund helped establish a day care center and charter school for the children of farm-worker families at the Beth-el Farm-worker Mission in Wimauma, FL.

- Produce from this organic community garden, funded through the Chicago Community Loan Fund, feeds families in underserved areas of the south side of Chicago. The garden also provides job training for homeless and formerly incarcerated individuals.

- The development of this seed-separating machine was financed by the Vermont Community Loan Fund for the High Mowing Organic Seed Company, which has created 23 green jobs in Hardwick, VT.



In Limpopo, South Africa, a client repays her loan from the Small Enterprise Foundation which is backed by the US-based micro-lender Shared Interest. These entrepreneurs use their micro-loans to launch and run small businesses vital to their local community.

Shared Interest



Nepalese children from a previously unelectrified village stand outside their schoolhouse, which now receives clean hydroelectric power from the community-based Lamjung Electricity Development Company, made possible by the US-based community investors E + Co.

## MUTUAL FUNDS

Most socially responsible mutual funds use either positive or negative screens (or both) to direct your investment dollars toward companies whose values you support and away from those you don't. Some also engage in shareholder advocacy, using their position as part-owners of a major corporation to push for stronger social or environmental commitments, or more responsible corporate governance.

In addition, some mutual funds have a community investing component to their fund. Like a pooled fund, with a mutual fund your investment is diversified, but unlike a pooled fund, not all of your investment is targeted toward underserved communities. The level and type of community investing may vary over time, so be sure to contact the fund for up-to-date information.

**Who can get involved?:** Individuals at all income levels can invest in mutual funds. Check to see if the fund you choose requires a minimum investment.

**How much money must I invest?:** Your investment strategy can vary based on how much money you have. Even small, regular investments, like \$25 a month can earn you significant returns with compound interest.

**What kind of returns can I expect?:** The longest-running SRI index of socially responsible mutual funds, the FTSE KLD 400, was started in 1990. According to the Social Investment Forum (SIF), since its inception through December 31, 2009, the FTSE KLD 400 showed returns of 9.51 compared with 8.66 percent for the S&P 500 over the same period. Numerous studies showing socially responsible mutual funds to be competitive with conventional mutual funds can be found on the SIF Web site, [www.socialinvest.org](http://www.socialinvest.org), or at [www.sristudies.org](http://www.sristudies.org).

**What are the risks?:** Socially responsible mutual funds are subject to market fluctuations similar to conventional mutual funds. To investigate the progress of a specific socially responsible fund, you can visit the mutual fund performance chart on Green America's Web site at

principal is greater than putting your money into an insured bank account. However, CDLFs use grant money and loss reserves to help protect individual investors. Of the 508 community development financial institutions surveyed through the CDFI Data Project through 2007, none have reported that they have ever lost any investor principal.

**Do I need a financial planner to invest?:** You do not need a financial planner to invest in a CDLF, though you may choose to consult one. If you decide to donate your investment, you may want to check with a tax planner to help you figure out whether any of your donation is tax deductible.

## COMMUNITY DEVELOPMENT POOLED FUNDS

To diversify your community investments, you can consider investing in an intermediary that invests in a large pool of community investing institutions targeting a range of issues. At present, only the Calvert Foundation's Community Investment Note offers this option,

which supports several community development institutions at once, across many geographical and issue areas.

When you invest in Calvert Foundation's Community Investment Note, the full value of your principal is lent out to help underserved communities. As loans are repaid, the capital is lent out again, multiplying the social impact that your investment has created. At maturity, your capital is returned to you with interest.

**Who can get involved?:** Individuals of all income levels can invest in pooled funds.

**What kind of returns can I expect?:** Much like standard loan fund investments, the expected return would be slightly below market interest rates, up to around four percent. The Calvert Foundation estimates an approximate two percent return rate in a calculation on its Web site.

**What are the risks?:** In general, the risks are similar to investing in a single CDLF, though the active monitoring and diversity of a pooled fund can mitigate those risks.

**Do I need a financial planner to invest?:** You do not need a financial planner, though you may choose to consult one.

[www.greenamerica.org/socialinvesting/mfpc/index.cfm](http://www.greenamerica.org/socialinvesting/mfpc/index.cfm). Like all mutual fund products, SRI mutual funds do not provide any insurance against risk, including loss of investments.

**Do I need a financial planner to invest?:** You do not need a financial planner to invest in mutual funds, though you may choose to consult one to find the best funds for you. Green America's *National Green Pages*™ lists social responsible financial planners across the country at [www.greenpages.org](http://www.greenpages.org), or you can receive a print copy free with Green America membership. (Sign up at [www.greenamerica.org](http://www.greenamerica.org).)

## VENTURE CAPITAL

Community development venture capital funds operate much like traditional venture capital funds, in seeking strong returns on investment, but with a mission to create good jobs in underserved communities. These investments are vital for small businesses, which often hold as their primary sources of risk capital only the personal savings and loans from friends and family.

Instead of offering standard funds that are open to multiple investors, most venture-capital investing companies design individual investment opportunities for each client. Investors with high risk tolerance and substantial sums to invest can become community venture capitalists, providing equity investments in new community-focused businesses.

Along with financing, venture capital funds provide extensive entrepreneurial and managerial assistance to portfolio companies. They may sit on a company's board of directors, help with contracts, assist in designing budgets, and help set up additional financing.

**Who can get involved?:** These are higher-risk ventures involving larger sums of capital, so most investors here are higher-net-worth individuals. Investors in venture capital funds may also need to be accredited, which means they must be designated as meeting specific criteria of the US Securities and Exchange Commission.

### **How much money must I invest?:**

Minimum investments for community development venture capital can range from \$50,000 to \$1 million. Investment commitments tend to be long-term—typically ten years or more.


### **What kind of returns can I expect?:**

The return on a community development venture capital (CDVC) investment varies depending on the success of the companies in which it invests. In 2007, the Community Development Venture Capital Alliance published a study of the three oldest CDVC funds and found a 15.5% gross internal rate of return.

**What are the risks?:** Venture capital investments are higher risk than most investments, but the potential for higher returns is greater, as is the social impact. Venture capitalists enjoy financial highs when the companies in which they invest do well, but they also share in the lows when the companies do poorly. They are not insured.

**Do I need a financial planner to invest?:** Investors in venture capital funds need to be well-versed in the risks and potential rewards of their investments, so a venture-capital savvy financial planner is highly recommended. 🌱

## WHAT ABOUT ONLINE MICROFINANCE SITES?


So, what if you've already moved your day-to-day bank account to a community development bank, and you want to get even more involved in community investing, but you don't have the \$1,000 or more that is often required to take the next step and invest in a community development loan fund? Thanks to a new generation of online microfinance sites, **individuals wishing to invest as little as \$20 - \$25 can make a difference for communities around the world** — where what might seem like a small amount to you can make all the difference for a struggling entrepreneur. Two popular online sites that offer this service are [Microplace.com](http://Microplace.com)  and [Kiva.org](http://Kiva.org).

**MICROPLACE.COM** (which was purchased by eBay in 2006) enables you to invest \$20 or more in microfinance institutions in Africa, Asia, Latin America, North America, the Middle East, and Samoa. You can choose a modest interest rate — between one and six percent — and how long you'll give your recipient to repay the loan — less than a year, between one and three years, or more than three years. Although you do not invest in a specific person's business, you read borrower profiles on the Microplace Web site to see the types of projects you're funding.

**KIVA.ORG** partners with 126 microlending institutions in the US, South America, Central America, Asia, eastern Europe, Africa, and the Middle East. With Kiva, you can make a specific person-to-person connection with an entrepreneur you wish to assist, in any amount larger than \$25. Note that Kiva does not provide interest payments to lenders. Any interest charges attached to the loan by Kiva's partners in the field are used to cover their costs associated with the administration of your loan. Your loan will be paid back in increments, within six months to one year.

# RESOURCES

FIND THE RIGHT COMMUNITY BANKING AND INVESTING VEHICLES FOR YOU.

Use the following sample resources to direct more of your banking dollars – checking, saving, investments, etc. – into community development. Institutions marked with the symbol  are approved members of Green America's Green Business Network™ and our colleague organization, the Social Investment Forum (SIF). Banks marked with an asterisk (\*) are members of the Community Development Bankers' Association ([www.cdbanks.org](http://www.cdbanks.org)), and the notation "cc" indicates that the bank or credit union also has a credit card available (see the sidebar, facing page).

## Community Development Banks and Credit Unions

These institutions operate much like traditional banks and credit unions, but with a special focus on providing capital to rebuild low-income communities.

**Albina Community Bank cc \***  
Portland, OR; 503/287-7537  
[www.albinabank.com](http://www.albinabank.com)

**Alternatives Federal Credit Union cc**  
Ithaca, NY; 607/273-4611  
[www.alternatives.org](http://www.alternatives.org)

**Broadway Federal Bank \***  
Los Angeles, CA; 323/634-1700  
[www.broadwayfederalbank.com](http://www.broadwayfederalbank.com)

**Carver Federal Savings Bank \***  
New York, NY; 718/230-2900  
[www.carverbank.com](http://www.carverbank.com)

**Central Bank of Kansas City \***  
Kansas City, MO; 816/483-1210  
[www.centralbankkc.com](http://www.centralbankkc.com)


**City First Bank of DC \***  
Washington, DC; 202/243-7100  
[www.cityfirstbank.com](http://www.cityfirstbank.com)

**City National Bank of New Jersey \***  
Newark, NJ; 800/966-8262  
[www.citynatbank.com](http://www.citynatbank.com)

**Community Bank of the Bay \***  
Oakland, CA; 510/433-5400  
[www.communitybankbay.com](http://www.communitybankbay.com)

**Community Capital Bank of Virginia \***  
Christianburg, VA; 540/260-3126  
[www.vacomunitycapital.org](http://www.vacomunitycapital.org)

**First American International Bank \***  
New York, NY; 718/871-8338; [www.faib.com](http://www.faib.com)

**Franklin National Bank **  
Minneapolis, MN; 651/259-2221  
[www.franklinbankmpls.com](http://www.franklinbankmpls.com)

**Guaranty Bank and Trust \***  
Belzoni, MS; 800/859-9825  
[www.gbtonline.com](http://www.gbtonline.com)

**Hope Community Credit Union **  
Jackson, MS; 601/944-1100; [www.hopecu.org](http://www.hopecu.org)

**International Bank of Chicago \***  
Stone Park, IL; 773/769-2899  
[www.inbk.com](http://www.inbk.com)

**Legacy Bank \***  
Milwaukee, WI; 414/343-6900  
[www.legacybancorp.com](http://www.legacybancorp.com)

**Louisville Community Development Bank **  
Louisville, KY; 502/775-2521  
[www.morethanabank.com](http://www.morethanabank.com)


**Lower East Side People's Credit Union**  
New York, NY; 212/529-8197  
[www.lespeoples.org](http://www.lespeoples.org)

**Mission Community Bank \***  
San Luis Obispo, CA; 805/782-5000  
[www.missioncommunitybank.com](http://www.missioncommunitybank.com)

**Mission Valley Bank \***  
Sun Valley, CA; 818/394-2300  
[www.missionvalleybank.com](http://www.missionvalleybank.com)


**Native American Bank \***  
Denver, CO; 800/368-8894; [www.nabna.com](http://www.nabna.com)


**Neighborhood National Bank \***  
National City, CA; 619/789-4400  
[www.mynnbn.com](http://www.mynnbn.com)


**New Resource Bank **  
San Francisco, CA; 415/995-8100  
[www.newresourcebank.com](http://www.newresourcebank.com)


**One PacificCoast Bank cc** (formerly ShoreBank Pacific); Ilwaco, WA; 888/326-2265; [www.eco-bank.com](http://www.eco-bank.com)


**One United Bank \*** Boston, MA; Los Angeles, CA; Miami, FL; 323/290-4848  
[www.oneunited.com](http://www.oneunited.com)

**Pan American Bank **  
Chicago, IL; 773/254-9700  
[www.panamerbank.com](http://www.panamerbank.com)


**Park Midway Bank **  
St. Paul, MN; 651/259-2221  
[www.parkmidwaybank.com](http://www.parkmidwaybank.com)

**Permaculture Credit Union  cc**  
Santa Fe, NM; 866/954-3479  
[www.pcuonline.org](http://www.pcuonline.org)


**Santa Cruz Community Credit Union **  
Santa Cruz, CA; 831/460-2342  
[www.scrucuccu.org](http://www.scrucuccu.org)

**Self-Help Credit Union **  
Durham, NC; 919/956-4400  
[www.self-help.org](http://www.self-help.org)

**Southern Bancorp \***  
Arkadelphia, AR; 870/246-3945  
[www.southernbancorp.com](http://www.southernbancorp.com)

**University National Bank **  
St. Paul, MN; 651/259-2221  
[www.universitybank.com](http://www.universitybank.com)

**Urban Partnership Bank \*** (formerly ShoreBank); Chicago, IL; Cleveland, OH; Detroit, MI; 800/669-7725; [www.sbk.com](http://www.sbk.com)

**Wainwright Bank and Trust  \*** cc  
Boston, MA; 617/478-4000  
[www.wainwrightbank.com](http://www.wainwrightbank.com)  
(merging with Eastern Bank in spring 2011)


## GET YOUR COMMUNITIES INVOLVED

It's not just individuals who can invest in communities. If you have influence over how your workplace, faith community, or other community group does its banking, you can encourage these groups to "break up with their bank" and move to a CDFI. Our allies provide the following resources for encouraging other groups to use their investment dollars to help build communities.


- **Community Investing Toolkit for the Faith Community** —  
Published by the Social Investment Forum, this toolkit can be downloaded at [www.socialinvest.org/resources/pubs](http://www.socialinvest.org/resources/pubs) (scroll down).
- **Responsible Endowment Coalition's "Move Our Money" Campaign** —  
This campaign provides resources and a handbook for shifting your college or university toward community investing.  
[www.endowmentethics.org/community-investment-campaign](http://www.endowmentethics.org/community-investment-campaign)  
[www.endowmentethics.org/handbook](http://www.endowmentethics.org/handbook)

## Community Development Loan Funds

Community development loan funds operate in specific geographic areas and pool investments and loans provided by individuals and institutions, often at below-market rates, to further community development.

**Boston Community Capital**   
Boston, MA; 617/427-3640  
[www.bostoncommunitycapital.org](http://www.bostoncommunitycapital.org)


**Bridgeway Capital, Inc.**   
Pittsburgh, PA; 412/201-2450  
[www.bridgewaycapital.org](http://www.bridgewaycapital.org)


**Calvert Social Investment Foundation**   
Bethesda, MD; 800/248-0337  
[www.calvertfoundation.org](http://www.calvertfoundation.org)


**Capital District Community Loan Fund**  
Albany, NY; 518/436-8586  
[www.cdclf.org](http://www.cdclf.org)

**Chicago Community Loan Fund**   
Chicago, IL; 312/252-0440  
[www.cclfchicago.org](http://www.cclfchicago.org)

**Coastal Enterprises, Inc.**   
Wiscasset, ME; 207/882-7552  
[www.ceimaine.org](http://www.ceimaine.org)


**Colorado Enterprise Fund**   
Denver, CO; 303/860-0242  
[www.coloradoenterprisefund.org](http://www.coloradoenterprisefund.org)

**Community Reinvestment Fund**   
Minneapolis, MN; 800/475-3050  
[www.crfusa.com](http://www.crfusa.com)

**Cooperative Fund of New England**   
Amherst, MA; 800/818-7833  
[www.coopfund.coop](http://www.coopfund.coop)

**Enterprise Corporation of the Delta**   
Jackson, MS; 601/944-1100;  
[www.ecd.org](http://www.ecd.org)

**Finance Fund**   
Columbus, OH;  
800/959-2333; [www.financefund.org](http://www.financefund.org)


**First Nations Oweesta Corp.**   
Rapid City, SD; 605/342-3770  
[www.oweesta.org](http://www.oweesta.org)

**Florida Community Loan Fund**   
Orlando, FL; 407/246-0846; [www.fclf.org](http://www.fclf.org)

**Leviticus 25:23 Alternative Fund, Inc.**   
Elmsford, NY; 914/606-9003  
[www.leviticusfund.org](http://www.leviticusfund.org)

**Mercy Loan Fund**  
Denver, CO; 303/830-3386  
[www.mercyhousing.org](http://www.mercyhousing.org)

**Michigan Interfaith Trust Fund**   
Lansing, MI; 517/372-6001  
[www.interfaithtrust.org](http://www.interfaithtrust.org)

**New Generation Energy, Inc.**   
Boston, MA; 617/624-3688  
[www.newgenerationenergy.org](http://www.newgenerationenergy.org)

## CREDIT CARDS THAT BUILD COMMUNITIES

Each of the following credit cards is issued by one of the banks or credit unions on the previous page. Cut up your mega-bank credit cards, and use a card that gives back to communities. The Green America card also directs a portion of your charges back to Green America, to support our corporate-responsibility and green-economy programs.

### Alternatives Federal Credit Union Visa

Available to residents of Ithaca, NY, Tompkins County, and contiguous counties.  
[www.alternatives.org](http://www.alternatives.org)

### The Loop Visa

One percent of every purchase from this Albina Community Bank Visa supports development projects in Portland, OR.  
[www.albinabank.com](http://www.albinabank.com)

### Green America Visa

Proceeds from this card, issued by One PacificCoast Bank, support Green America's corporate-responsibility and green-economy programs.  
[www.eco-bank.com/cards/GreenAmerica.php](http://www.eco-bank.com/cards/GreenAmerica.php)

### Permaculture Credit Union Visa

A portion of the proceeds from this card are re-invested in local permaculture projects and investments in and around Santa Fe, NM.  
[www.pcuonline.org](http://www.pcuonline.org)

### ReDirect Visa

Also issued by One PacificCoast Bank, half of this card's proceeds support carbon offsets through Sustainable Travel International's "My Climate" program.  
[www.redirectguide.com/visa](http://www.redirectguide.com/visa)



### Salmon Nation Visa

One more from One PacificCoast Bank, the Salmon Nation Visa directs a percentage of the proceeds toward protecting the bioregion of the "Salmon Nation" of the Pacific Northwest.  
[www.salmonnation.com](http://www.salmonnation.com)

### Self-Help Credit Union cards

These cards help support Self-Help, which provides financial services in traditionally underserved communities in North Carolina.  
[www.self-help.org](http://www.self-help.org)

### Wainwright Bank Visa cards

Offered through Elan Financial Services Company, Wainwright offers six different Visa credit cards with different rates and terms.  
[www.wainwrightbank.com/html/personal/cards.html](http://www.wainwrightbank.com/html/personal/cards.html)

### NH Community Loan Fund

Concord, NH; 603/224-6669  
[www.communityloanfund.org](http://www.communityloanfund.org)

### New Jersey Community Capital

Trenton, NJ; 609/989-7766  
[www.newjerseycommunitycapital.com](http://www.newjerseycommunitycapital.com)

### Nonprofit Finance Fund

New York, NY; 212/868-6710  
[www.nonprofitfinancefund.org](http://www.nonprofitfinancefund.org)

**Northcountry Cooperative Development Fund**   
Minneapolis, MN;  
612/331-9103; [www.ncdf.org](http://www.ncdf.org)

**N. California Community Loan Fund**   
San Francisco, CA; 415/392-8215; [www.nccf.org](http://www.nccf.org)

### Opportunity Finance Network

Philadelphia, PA; 215/923-4754  
[www.opportunityfinance.org](http://www.opportunityfinance.org)

### Partners for the Common Good

Washington, DC; 202/689-8935  
[www.pcgloanfund.org](http://www.pcgloanfund.org)

### The Reinvestment Fund

Philadelphia, PA; 215/574-5800  
[www.TRFund.com](http://www.TRFund.com)

### RSF Social Finance

San Francisco, CA; 415/561-3900  
[www.rsfsocialfinance.org](http://www.rsfsocialfinance.org)

### Self Help Ventures Fund

Durham, NC; 919/956-4400  
[www.self-help.org](http://www.self-help.org)

### Vermont Community Loan Fund

Montpelier, VT; 802/223-1448  
[www.vclf.org](http://www.vclf.org)

### Washington Area Community Investment Fund

Washington, DC; 202/529-5505  
[www.wacif.org](http://www.wacif.org)

## International Funds

These institutions offer community development loan funds that focus on providing capital to low-income individuals in countries around the world.


### Calvert Social Investment Foundation

Bethesda, MD; 800/248-0337  
[www.calvertfoundation.org](http://www.calvertfoundation.org)  
(Note: Calvert Community Investment Notes are not loan funds, but "pooled funds," which allow individuals to invest in small community lenders that may lack the resources to provide individual investment options.)


### Fonkoze

Washington, DC; 202/628-9033  
[www.fonkoze.org](http://www.fonkoze.org)

**Grameen Foundation**  
Washington, DC; 202/628-3560  
www.gfusa.org

**Oikocredit**   
Washington, DC; 202/728-4143  
www.oikocredit.org

**Shared Interest**   
New York, NY; 646/442-0182  
www.sharedinterest.org

**SosteNica**   
West Chester, PA; 610/399-5228  
www.sostenica.org

**Working Capital for  
Community Needs**   
Madison, WI; 888/224-6422  
www.capitalforcommunities.org


## Mutual Funds


Socially responsible mutual funds can also play a role in community investing. Each of the following mutual funds is a leader in investing in community development.

**Community Capital Management**   
Weston, FL; 954/217-7999  
www.ccmfixedincome.com

**Domini Social Bond Fund**   
New York, NY; 800/762-6814  
www.domini.com/domini-funds


**Praxis Mutual Funds**   
Goshen, IN; 800/977-2947  
www.mmpraxis.com

**New Alternatives Fund**   
Melville, NY; 800/423-8383  
www.newalternativesfund.com


**Pax World Mutual Funds**   
Portsmouth, NH; 800/767-1729  
www.paxworld.com

## Venture Capital

These institutions provide financing for socially responsible ventures and investing opportunities for high-net-worth individuals.

**Community Development Venture  
Capital Alliance**   
New York, NY; 212/594-6747  
www.cdvc.org


**E+Co.**   
Bloomfield, NJ; 973/680-9100  
www.eandco.net

**SJF Ventures**   
Durham, NC; 919/530-1177  
www.sjfund.com

**Underdog Ventures**   
Island Pond, VT; 802/723-9909  
www.underdogventures.com

## Financial Planners

Find a financial planner who understands how community investing can fit into your portfolio by consulting Green America's greenpages.org, or the following networks:

**First Affirmative Financial Network**   
Colorado Springs, CO; 800/422-7284  
www.firstaffirmative.com

**Progressive Asset Management**   
Oakland, CA; 800/350-1776  
www.progressive-asset.com

### FIND MORE OPTIONS ONLINE

- **www.cdbanks.org**, the Community Development Bankers' Association
- **www.cdcu.coop**, the Federation of Community Development Credit Unions
- **www.cdfifund.gov**, CDFIs certified by the federal government (click on "what we do" >> "programs" >> "CDFI certification")
- **www.ncif.org**, a searchable database of community development banks with a housing focus
- **www.opportunityfinance.net**, click on "CDFI locator" to find listings

## JOIN GREEN AMERICA FOR EVEN MORE RESOURCES

Get more responsible investing and green living resources when you join Green America at [www.greenamerica.org](http://www.greenamerica.org), by calling 800/58-GREEN, or by mailing in the membership card next to page 13. All Green America members receive a free subscription to our bi-monthly magazine, the *Green American*, with its regular "Real Green Investing" column, as well as free copies of the *National Green Pages*<sup>™</sup> and *Guide to Socially Responsible Investing* (each of which includes directories for socially responsible investing institutions and professionals). For regular news, resources, and action campaigns from Green America, sign up for our e-newsletter at [www.greenamerica.org/signup](http://www.greenamerica.org/signup), or follow us on Facebook at [www.facebook.com/greenamerica](http://www.facebook.com/greenamerica).





# Congratulations Green America!

The board, members and staff of the Social Investment Forum (SIF), the U.S. membership association for professionals and organizations engaged in socially responsible and sustainable investing, congratulate Green America on its newest Community Investing Guide. Across America and around the world, many communities lack affordable housing, child care, health care and jobs that pay a living wage. Community investing places money into under-served communities as an investment strategy that remedies economic disparity by providing lower-income people access to capital, credit and training.

Want to lend a hand and earn a return for it? SIF's members include credit unions and other community development organizations, as well as fund managers with mutual fund and other community investing options for individual investors.

Learn more about them at: <http://www.socialinvest.org>.



While you're online, also:

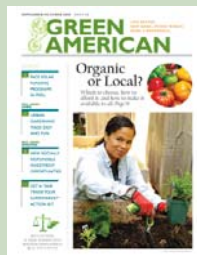


Go to <http://www.facebook.com/socialinvest> and "like" us to keep up-to-date on SIF campaigns and events.



And, for the latest news on developments in the field of socially responsible and sustainable investing, follow us on <http://www.twitter.com/followSIF>.

The *Community Investing Guide* is published by Green America. For more of Green America's publications, including our *Guide to Socially Responsible Investing*, our bi-monthly magazine the *Green American*, and our annual *National Green Pages™*, join Green America. Call 800/58-GREEN, visit [www.greenamerica.org](http://www.greenamerica.org), or mail in the membership card located inside this guide.



The global economic crisis has focused public scrutiny on the predatory practices, gross mismanagement, and outright greed of some of the biggest conventional banks and financial institutions. The housing crisis has clearly shown what happens when lenders treat borrowers as a means for leveraging greater corporate profits, providing deceptive and unsound terms and inappropriate products and services.

Add in unemployment, plus diminishing services from state and local governments caught in budget crises, and it becomes clear: **the work of community development financial institutions (CDFIs) is more important now than ever before.**

While not a substitute for a sound governmental economic development policy, CDFIs do provide all of us with a much better choice for banking and investing. They're also uniquely positioned to help communities in need, because it's been their mission for years. Even better, CDFIs on the whole are **weathering the economic crisis well.** We hope this guide helps you to find CDFIs that can serve your banking and investment needs while putting your money to good use in the world. Take action with us today.

## 1 Break Up With Your Mega-Bank

Find community development banks and credit unions (and even credit cards!) that offer you the same services, or better, as a conventional bank, but without the unfair terms, predatory lending, insane CEO bonuses, and lending to causes you can't support. Break up with your bank, and find a community development bank or credit union that supports your values.

## 2 Commit to at Least 1% in Community

Beyond everyday banking, find ways to support communities in need by investing in community development loan funds, pooled funds, venture capital, or mutual funds with a commitment to communities. Help provide access to affordable housing and other vital community services, and support small businesses (including start-up green businesses) that need access to a line of credit to survive.

## 3 Spread the Word

Share this guide with others. Tell your friends, family, colleagues, and others about community investing. If you have influence over banking and investing with your faith community, workplace, or other group, consider moving your accounts to a CDFI. And if you use a financial planner, talk to your planner about community investing, and encourage your planner to include CDFIs as options for all clients. (Order or download more copies of this guide at [www.greenamerica.org/go/CI](http://www.greenamerica.org/go/CI).)